



BRIEF TO:

NDIA Systems Engineering Conference
Performance Based Logistics:
Value Added Assessment

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PBL and Life Cycle Support

Program Manager's challenge as the Total Life-Cycle System Manager

- Meet support requirements
- Most cost effective manner
- Throughout the life cycle

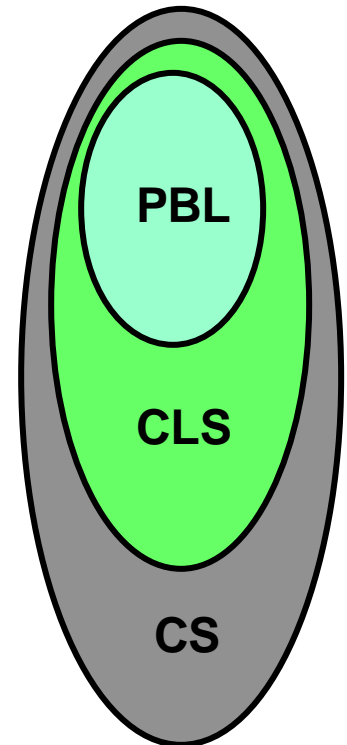
The DOD5000.2R (April 2002) states:

“Performance-Based Logistics (PBL) is the preferred approach for product support implementation.”

What is PBL??

Support Definitions

- **Contractor Support (CS)**
 - Contractor Provides All Maintenance, Supply, and Associated Logistics Support Elements Including Pre-op Support and Interim Contractor Support
- **Contractor/Commercial Logistics Support (CLS)**
 - A Subset of CS Without Pre-op Support and Interim Contractor Support
- **Performance Based Logistics (PBL)**
 - A Subset of CLS Where Services Are Provided by a Combination of Contractor and Organic Resources, with the Government Almost Always Providing O-level Maintenance and Transportation of Material to Deployed Units



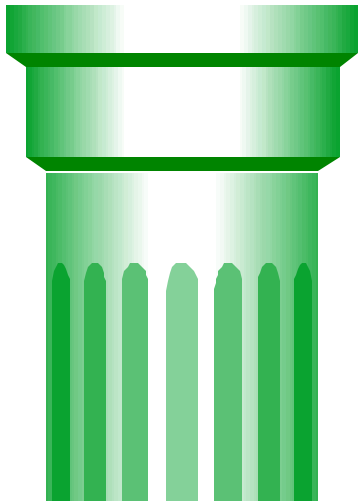
* Definitions Provided by AIR-3.1A & June 1999 Joint Aviation Logistics Board Report on Commercial Support of Aviation Systems



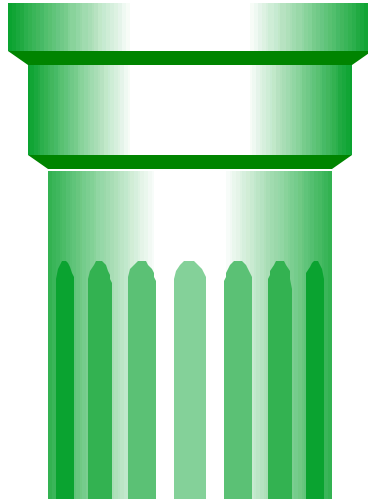
CORA

The Four Pillars of PBL

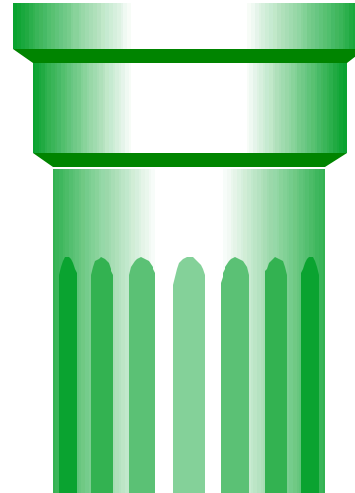
Cost:
Reduce
Total
Ownership



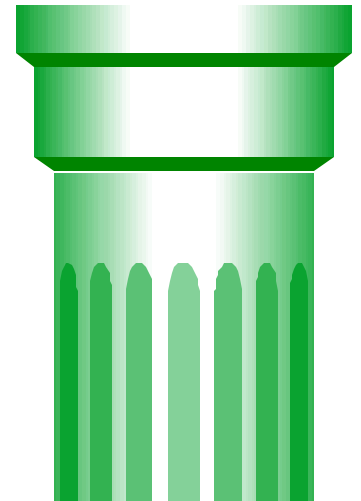
Obsolescence
Management



Reliability
Improvements
/Tech
Refreshment



Availability
Improvements



Candidates for PBL Initiatives

- **Complete Systems**
- **Group of items related in some way**
 - List of items by commodity
 - List of similar items
 - List of items for one specific platform



Performance Requirements

Candidate Roles and Authority

- **Spares Inventory Management**
- **PHS&T**
- **ROR (Title 10 U.S.C. Considerations - Core)**
- **DMS-MS Alternate Source Qualification**
- **Obsolescence Management**
- **Configuration Control**
- **Maintenance Plan Adjustments**

The Government Cannot Give Up Ownership

How does the PM Succeed?

Apply analytical methods throughout contract planning and execution

- **Analytical capability must be**

- Core team participants
- Long term participants
- More than cost analysts

- **Iterative process**

- Requirements/Objectives
- Measures/Metrics
- Baseline Values



Basic Steps

- **Objective Outcomes**
- **Measures – Metrics**
- **Baseline Performance**
- **Performance Work Statement**
- **Stakeholder Buy-in**

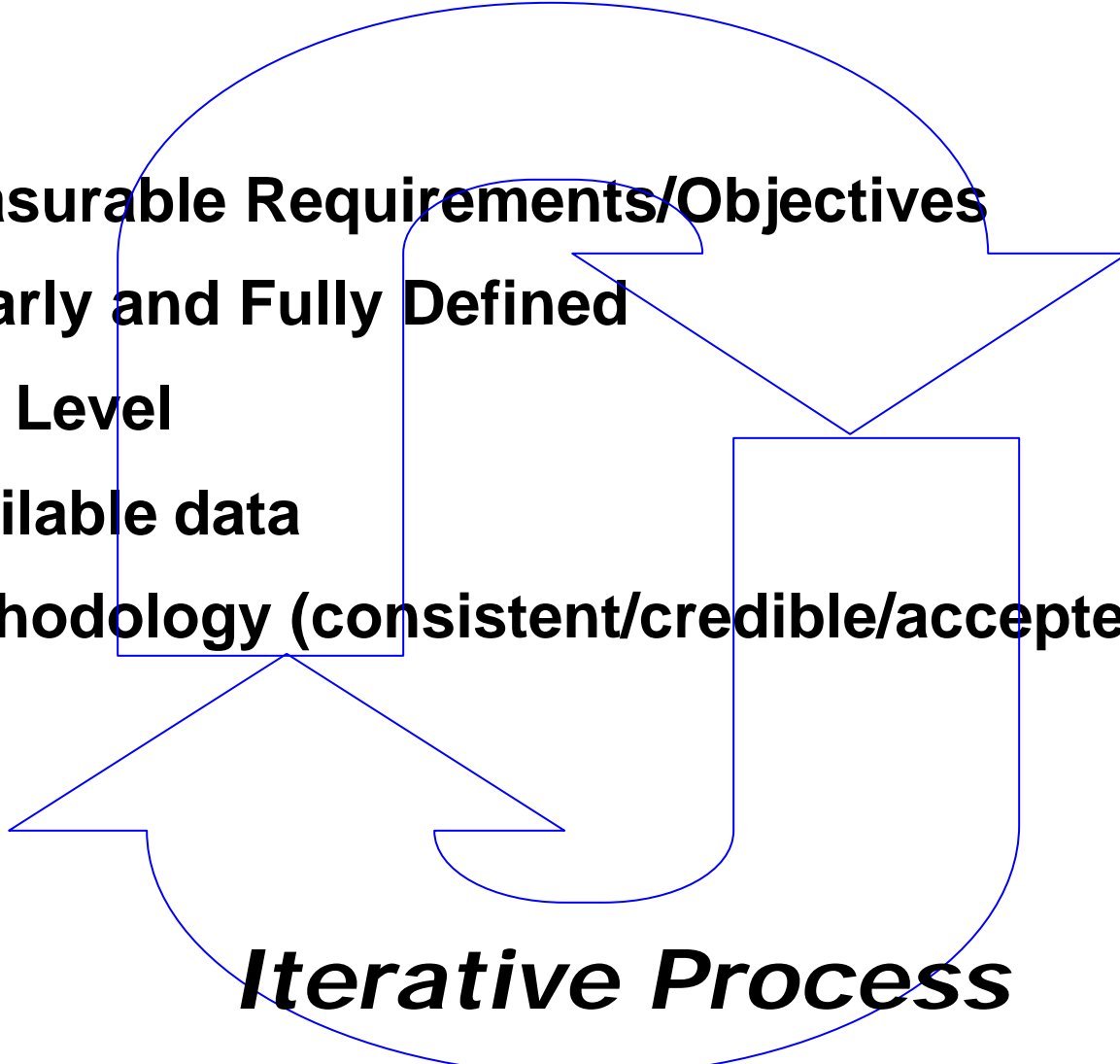
Iterative Process

Objective Outcomes

- **Clear Statement of Requirements/Objectives**
- **Understood by All Parties Involved**
- **Realistic/Achievable**
- **Measurable**
- **Outcome Parameters (vice process parameters)**

Iterative Process

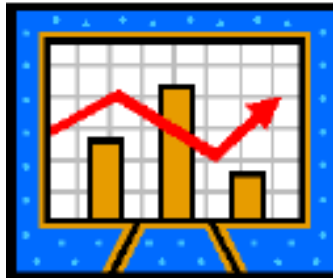
Measures – Metrics

- **Measurable Requirements/Objectives**
 - **Clearly and Fully Defined**
 - **Top Level**
 - **Available data**
 - **Methodology (consistent/credible/accepted)**
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Iterative Process

Baseline Performance Values

- **Identify Source(s) of Metrics Data**
- **Verify and Validate the Data**
- **Establish Methodology**
- **Calculate Baseline Performance Value(s)**
- **Compare to Performance Objective(s)**

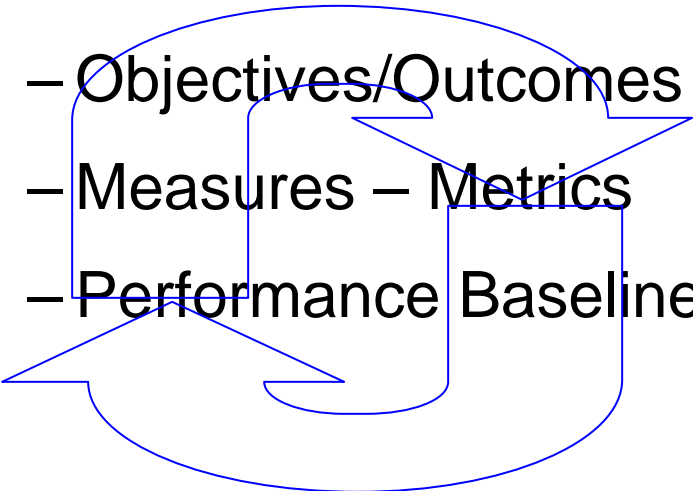


Performance Work Statement

- **Performance Requirement is the OUTCOME**
- **Performance Outcome is Measured Relative to Baseline Performance Values**
- **Performance Incentives**
 - Specified incentives (positive and negative)
 - Inherent incentives (positive and negative)
 - May or may not be included

Stakeholder Buy-in

- **Know Who They Are**
- **Know What They Have at Stake**
- **Get Them Involved Early and Keep Them Informed**

- Objectives/Outcomes
 - Measures – Metrics
 - Performance Baseline
- 

Iterative Process

Execution and Assessment

- **Pre-Solicitation**

- Expected performance/Performance Goals
- Buy-in of Potential Performing Entities

- **Proposal Assessment**

- PBL Value added assessment in conjunction with Cost/Price Analysis

- **Performance Review/Contract Option Review**

- Consistent Metrics and Methodology should be used throughout contract administration

Summary

- Think outcome not process
- Set realistic requirements
- Determine baseline performance



Remember:

***“Value Added Assessment” is
more than a “Cost Analysis”!***